

# FY 2007-08 BUDGET

## BUDGET SECTION SUMMARY

Section Title:

SANITATION ZONE - PENNGROVE

### A. Program Description

This budget finances the maintenance, construction, debt service, and administration of a collection system and pumping station which serves the Penngrove area. Raw sewage is pumped to the City of Petaluma for treatment and disposal. These services are provided by Petaluma pursuant to an agreement between the two entities. The City of Petaluma charges the Penngrove Sanitation Zone (SZ) for treatment on the basis of Equivalent Single Family Dwellings (ESDs).

### B. Financial Summary

Section	GROSS EXPENDITURES			NET COST/USE OF FUND BALANCE		
	FY 06-07 Adopted	FY 07-08 Requested	Percent Change	FY 06-07 Adopted	FY 07-08 Requested	Percent Change
Operations	\$463,138	\$494,600	6.79%	\$84,604	\$79,758	(5.73%)
Bonds	7,502	7,002	(6.66%)	(8,108)	(8,429)	3.96%
Construction	580,000	135,000	(76.72%)	535,000	130,250	(75.65%)
<b>TOTAL:</b>	<b>\$1,050,640</b>	<b>\$636,602</b>	<b>(39.41%)</b>	<b>\$611,496</b>	<b>\$201,579</b>	<b>(67.04%)</b>

### C. Staffing Summary

No staffing is allocated to this index.

### D. Workload Summary

Workload Indicator	FY 05-06 Actual	FY 06-07 Budget Estimate	FY 06-07 Revised Estimate	FY 07-08 Projected	Change from FY 06-07 Budget Estimate
Total ESDs	506	503	506	511	1.59%
Total APNs	407	409	407	409	0.00%

### E. Summary of Issues and Significant Changes

Agency operations in the Penngrove Sanitation Zone (Penngrove SZ) are limited to administrative services and operation/maintenance of the collection system and pumping station. The wastewater collected by the Penngrove SZ collection system flows through the City of Petaluma's collection system to the Petaluma wastewater treatment plant. Wastewater generated by the Penngrove SZ and Petaluma is treated to meet secondary standards at the City of Petaluma's treatment plant.

Petaluma awarded a contract for the design, construction, and operation of a new wastewater treatment plant that meets advanced (tertiary) wastewater treatment standards. The project is expected to cause a significant increase in the annual service charge over the next several years. The City of Petaluma has approved rate increases that total almost 100% over the next four years.

The proposed FY 07-08 annual sewer service charges for Penngrove SZ is \$816 per equivalent single family dwelling, which represents a \$60 or 8.0% increase over FY 06-07. This increase is primarily attributable to the significant increases to the commercial sewer rate proposed by the City of Petaluma. It may be noted that future rate increases for Penngrove Sanitation may have to closely mirror the projected increases by the City of Petaluma.

Connection fees continue to be collected for the future expansion of the collection system and part of Penngrove's share of the cost to upgrade and expand the City of Petaluma's wastewater treatment and reclamation facilities.

The Penngrove SZ is currently collecting sufficient funds to operate and maintain its collection system. In addition to funds needed for the ongoing operations and maintenance expenses, funds are necessary for the replacement of the collection system.

**F. Summary of Reduction Options**

No reduction options are proposed.

**G. Attachments**

- Summary of Revenues and Expenditures
- Character Justification
- Statement of Special Fund Activity

# FY 2007-08 BUDGET

## SUMMARY OF REVENUES AND EXPENDITURES

**Section Title:** SANITATION ZONE - PENNGROVE - OPERATIONS

**Section/Index No:** 680108

Sub-Object No. and Title	Adopted 2006-07	Requested 2007-08	Difference	Percent Change
<b>REVENUES:</b>				
<b><u>TAXES</u></b>				
1001 Flat Charges - CY	\$366,736	\$402,239	\$35,503	9.68%
1061 Flat Charges - PY	2,500	2,500	0	0.00%
1120 Penalties/Costs on Taxes	250	250	0	0.00%
<b>Subtotal Taxes</b>	<b>\$369,486</b>	<b>\$404,989</b>	<b>\$35,503</b>	<b>9.61%</b>
<b><u>USE OF MONEY</u></b>				
1700 Interest on Pooled Cash	\$3,000	\$3,325	\$325	10.83%
<b>Subtotal Use of Money</b>	<b>\$3,000</b>	<b>\$3,325</b>	<b>\$325</b>	<b>10.83%</b>
<b><u>CHARGES FOR SERVICES</u></b>				
3400 Sanitation Services	\$6,048	\$6,528	\$480	7.94%
<b>Subtotal Charges for Services</b>	<b>\$6,048</b>	<b>\$6,528</b>	<b>\$480</b>	<b>7.94%</b>
<b>TOTAL REVENUES</b>	<b>\$378,534</b>	<b>\$414,842</b>	<b>\$36,308</b>	<b>9.59%</b>

### **EXPENDITURES:**

#### **SERVICES AND SUPPLIES**

6040 Communications	\$500	\$500	\$0	0.00%
6140 Maintenance - Equipment	0	5,000	5,000	N/A
6180 Maintenance - Bldgs / Impr	25,000	15,000	(10,000)	(40.00%)
6522 District Services	65,000	5,000	(60,000)	(92.31%)
6523 District Operations	0	45,000	45,000	N/A
6573 Administration Costs	3,000	3,100	100	3.33%
6610 Legal Services	2,000	1,000	(1,000)	(50.00%)
6629 Fiscal Accounting Services	0	3,500	3,500	N/A
6630 Audit / Accounting Services	1,138	0	(1,138)	(100.00%)
7000 Special Departmental Exp	290,000	320,000	30,000	10.34%
7206 Equipment Usage Charge	0	5,000	5,000	
7320 Utilities	7,500	7,500	0	0.00%
<b>Subtotal Services and Supplies</b>	<b>\$394,138</b>	<b>\$410,600</b>	<b>\$16,462</b>	<b>4.18%</b>

#### **OTHER CHARGES**

7980 Depreciation	\$40,000	\$76,000	\$36,000	90.00%
<b>Subtotal Other Charges</b>	<b>\$40,000</b>	<b>\$76,000</b>	<b>\$36,000</b>	<b>90.00%</b>

**FY 2007-08 BUDGET**  
**SUMMARY OF REVENUES AND EXPENDITURES**

Sub-Object No. and Title	Adopted 2006-07	Requested 2007-08	Difference	Percent Change
<b><u>OTHER FINANCING USES</u></b>				
8625 OT - W/in Special Dist - BOS	\$21,000	\$0	(\$21,000)	(100.00%)
<b><i>Subtotal Other Financing Uses</i></b>	<b>\$21,000</b>	<b>\$0</b>	<b>(\$21,000)</b>	<b>(100.00%)</b>
<b><u>APPROPRIATIONS FOR CONT</u></b>				
9000 Appropriations for Contingencies	\$8,000	\$8,000	\$0	0.00%
<b><i>Subtotal Appropriations for Contin.</i></b>	<b>\$8,000</b>	<b>\$8,000</b>	<b>\$0</b>	<b>0.00%</b>
<b>TOTAL EXPENDITURES</b>	<b>\$463,138</b>	<b>\$494,600</b>	<b>\$31,462</b>	<b>6.79%</b>
<b>TOTAL NET COST</b>	<b>\$84,604</b>	<b>\$79,758</b>	<b>(\$4,846)</b>	<b>(5.73%)</b>
<i>(Expenditures Minus Revenues)</i>				

**FY 2007-08 BUDGET**  
**CHARACTER JUSTIFICATION**

**Department - Division:** Sonoma County Water Agency - Sanitation

**Section Title:** Sanitation Zone - Penngrove - Operations

**Character Title:** Taxes

**Character No.:** 680108-10

**1001 Flat Charges - CY**

Flat charge revenue from annual service charges is expected to increase from the adopted FY 06-07 budget. The rate will increase 8.0%, from \$756 to \$816.

ESDs times annual rate:	503	x	\$816	\$410,448
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Less Estimated Delinquency Factor:	2%		(8,209)	
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				\$402,239

(See SubObject 3400 for Total ESDs)

**1061 Flat Charges - PY**

This item records the estimated delinquent amount of prior years sewer service charges.

**1120 Penalties / Costs on Taxes**

This item records penalties paid on delinquent sewer service charges.

**Character Title:** Use of Money

**Character No.:** 680108-17

**1700 Interest on Pooled Cash**

This account records interest on pooled cash held for the Zone by the County Treasurer's office. Estimated interest is projected based on cash on hand and current interest rate trends.

Estimated Average Cash Balance	\$70,000
Projected Interest Rate	<hr/> 4.75%
Projected/Planned Interest on Pooled Cash	\$3,325

**Character Title:** Charges for Services

**Character No.:** 680108-30

**3400 Sanitation Services**

This account records annual sewer service charges for entities that are invoiced, rather than collected as flat charges on the tax roll, and for new hook-ups as they occur during the year. The Sanitation Rate Ordinance requires that charges be collected at the time permits are issued. The properties are then added to the tax roll master listing and collected through sub-object 1001, Flat Charges-CY, in the following year.

Based on projected FY 07-08 ESDs, the Zone will experience an increase in revenue from invoiced entities. The budgeted revenue reflects an increase in the annual sewer service charge from \$756 to \$832.

ESDs x Annual Charge	8	x	\$816	=	\$6,528
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**6040 Communications**

This account records expenses paid by the Zone for outside communication and wireless services.

**6140 Maintenance - Equipment**

This account records the costs for routine maintenance of equipment.

**6180 Maintenance - Bldgs / Impr**

This account records the cost of parts and materials required to maintain the collection system. The requested amount will cover work such as repair or replacement of certain manholes and pumps, as well as reconfiguration of some of the collection system plumbing in order to handle increased flows coming into the pump station.

**6522 District Services**

This accounts records the service and supply type items associated with operations and maintenance of the Zone's facilities.

**6523 District Operations**

This account records the cost of labor and overhead associated with operations and maintenance of the Zone's facilities. This new account number is being set-up to isolate internal labor activities.

**6573 Administration Costs**

This account represents the 3% administration fee assessed by the County for processing collection of flat charges on the tax roll.

**6610 Legal Services**

This item is requested to provide funds for the estimated cost of legal services to be provided by County Counsel, or outside legal services, as required.

**6629 Fiscal Accounting Services**

This item records the direct charge for services provided by the Fiscal Services Section of the County Auditor Controller's Office for staff costs attributed to Zone's accounting.

**6630 Audit / Accounting Services**

This account represents the cost for audit and accounting services provided by an outside certified public accounting services. No funds will be budgeted for FY 07-08.

**7000 Special Departmental Expense**

The Penngrove Sanitation Zone does not have a sewer treatment plant. Rather, the Zone has an agreement with the City of Petaluma to accept and treat sewage. The amount requested for the forthcoming year reflects an increase from the current year budget consistent with planned rate increases by the City of Petaluma to fund the design and construction of a new treatment plant that meets advanced wastewater treatment (AWT) standards.

**7206 Equipment Usage Charges**

This item is requested to provide funds for equipment usage.

**Character Title:**                    **Services and Supplies (Continued)**

**Character No.:**                    **680108-60**

***7320 Utilities***

This account records the cost of payments made for utilities such as gas, electricity, and water.

**Character Title:**                    **Other Charges**

**Character No.:**                    **680108-75**

***7980 Depreciation***

Generally Accepted Accounting Principles require that depreciation be expensed each year.

**Character Title:**                    **Other Financing Uses**

**Character No.:**                    **680108-86**

***8625 OT - W/in Special Dist - BOS***

This account reflects the transfer of cash from the Operations Fund to the Construction Fund to finance the capital replacement program. If the Operations Fund does not have sufficient cash available to finance planned capital projects, the transfer will not be made and any uncompleted projects will be rescheduled and rebudgeted in the next fiscal year. No funds will budget for FY 07-08.

**Character Title:**                    **Appropriations for Contingencies**

**Character No.:**                    **680108-90**

***9000 Appropriations for Contingencies***

This account provides funding for unanticipated expenditures or revenue shortfalls.

# FY 2007-08 BUDGET

## STATEMENT OF SPECIAL FUND ACTIVITY

**Department:** Sonoma County Water Agency - Sanitation

**Section:** Sanitation Zone - Penngrove - Operations

**Index No.:** 680108

DESCRIPTION OF FUND ACTIVITY	Actual FY 05-06	Estimated FY 06-07	Requested FY 07-08
<b>Undesignated/Unreserved <u>BEGINNING</u> Fund Balance Available for Budgeting</b> (See Detailed Components Below)	<b>\$75,468</b>	<b>\$110,955</b>	<b>\$80,187</b>
<b>Annual Revenues and Expenditures:</b>			
Revenues - Increase fund balance	364,004	388,307	414,842
Expenditures - (Decrease) fund balance	(365,278)	(455,500)	(494,600)
<b>Net Surplus or Deficit</b> - Increase/(Decrease) to fund balance	(1,275)	(67,193)	(79,758)
<b>Adjustments to Reserves/Encumbrances:</b>			
7980 - Depreciation	36,762	36,425	76,000
<b>Net Adjustment</b> - Increase/(Decrease) to Fund Balance	36,762	36,425	76,000
<b>Undesignated/Unreserved <u>ENDING</u> Fund Balance Available for Budgeting</b>	<b>\$110,955</b>	<b>\$80,187</b>	<b>\$76,429</b>
<b>Total Increase/(Decrease) in Fund Balance for Fiscal Year</b> (Difference between Beginning and Ending Balance)	<b>\$35,487</b>	<b>(\$30,768)</b>	<b>(\$3,758)</b>
<b><u>Fund Balance Components at Beginning of FY</u></b>	<b><u>7/1/05</u></b>	<b><u>7/1/06</u></b>	
Cash	\$438,465	\$503,764	
Other Receivables	9,740	5,437	
Accounts Payable	(372,737)	(398,246)	
Encumbrances	-	-	
<b>Total Beginning Fund Balance</b>	<b>\$75,468</b>	<b>\$110,955</b>	



# FY 2007-08 BUDGET

## SUMMARY OF REVENUES AND EXPENDITURES

Section Title: **SANITATION ZONE - PENNGROVE - BONDS**  
 Section/Index No: **680207**

Sub-Object No. and Title	Adopted 2006-07	Requested 2007-08	Difference	Percent Change
<b>REVENUES:</b>				
<u><b>TAXES</b></u>				
1000 Prop Taxes - CY Secured	\$14,000	\$14,000	\$0	0.00%
1020 Prop Taxes - CY Supplemental	500	500	0	0.00%
1040 Prop Taxes - CY Unsecured	500	500	0	0.00%
<b>Subtotal Taxes</b>	<b>\$15,000</b>	<b>\$15,000</b>	<b>\$0</b>	<b>0.00%</b>
<u><b>USE OF MONEY</b></u>				
1700 Interest on Pooled Cash	\$260	\$81	(\$179)	(68.85%)
<b>Subtotal Use of Money</b>	<b>\$260</b>	<b>\$81</b>	<b>(\$179)</b>	<b>(68.85%)</b>
<u><b>INTERGOVERNMENTAL REVENUES</b></u>				
2440 St - HOPTR	\$350	\$350	\$0	0.00%
<b>Subtotal Intergovernmental Revenues</b>	<b>\$350</b>	<b>\$350</b>	<b>\$0</b>	<b>0.00%</b>
<b>TOTAL REVENUES</b>	<b>\$15,610</b>	<b>\$15,431</b>	<b>(\$179)</b>	<b>(1.15%)</b>
<b>EXPENDITURES:</b>				
<u><b>SERVICES AND SUPPLIES</b></u>				
6635 Fiscal Agent Fees	\$52	\$52	\$0	0.00%
<b>Subtotal Services and Supplies</b>	<b>\$52</b>	<b>\$52</b>	<b>\$0</b>	<b>0.00%</b>
<u><b>OTHER CHARGES</b></u>				
7920 Interest	\$7,450	\$6,950	(\$500)	(6.71%)
<b>Subtotal Other Charges</b>	<b>\$7,450</b>	<b>\$6,950</b>	<b>(\$500)</b>	<b>(6.71%)</b>
<u><b>ADMINISTRATIVE CONTROL ACCOUNT</b></u>				
9200 Ent - Principal	\$10,000	\$10,000	\$0	0.00%
9209 Ent - Principal Clearing	(10,000)	(10,000)	0	0.00%
<b>Subtotal Administrative Control</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>N/A</b>
<b>TOTAL EXPENDITURES</b>	<b>\$7,502</b>	<b>\$7,002</b>	<b>(\$500)</b>	<b>(6.66%)</b>
<b>TOTAL NET COST</b> (Expenditures Minus Revenues)	<b>(\$8,108)</b>	<b>(\$8,429)</b>	<b>(\$321)</b>	<b>3.96%</b>